

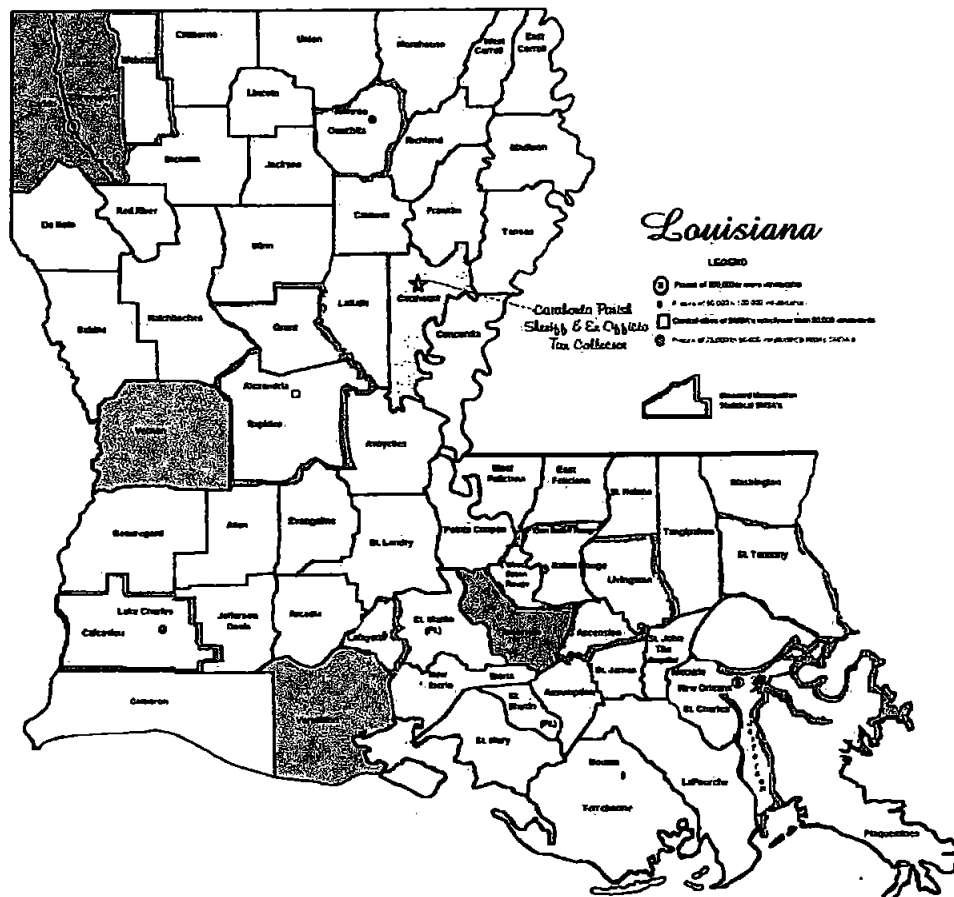
**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**Annual Financial Statements**

**JUNE 30, 2014**

# CATAHOULA PARISH SHERIFF

## Harrisonburg, Louisiana



\* As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Sheriff serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas. As the chief law enforcement officer of the parish, the Sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols and investigations, serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera, and provides assistance to other law enforcement agencies within the parish.

**CATAHOULA PARISH SHERIFF**  
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**June 30, 2014**

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## INDEPENDENT AUDITOR'S REPORT

Honorable James G. Kelly, Sheriff  
Catahoula Parish Sheriff  
Harrisonburg, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and aggregate remaining fund information of the Catahoula Parish Sheriff, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Catahoula Parish Sheriff's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and aggregate remaining fund information of the Catahoula Parish Sheriff, as of June 30, 2014, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budget comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2014, on our consideration of the Catahoula Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Catahoula Parish Sheriff's internal control over financial reporting and compliance.

*The Vercher Group*

September 22, 2014

Jena, Louisiana

# **CATAHOULA PARISH SHERIFF**

**James G. Kelly-Sheriff**

PO Box 655

Harrisonburg, Louisiana 71340

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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As management of the Sheriff's Department, we offer readers of the Catahoula Parish Sheriff's financial statements this narrative overview and analysis of the financial activities of the Sheriff's Department for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the Sheriff's Department's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

#### ***Governmental Funds***

- The liabilities of the Sheriff's Department exceeded its assets at the close of the most recent fiscal year by \$(681,204) (*net position*). This is a \$100,706 increase from last year.
- The Sheriff's Department had total revenue of \$7,450,786, in which \$4,356,603 came from reimbursement revenue sources. This is a \$1,329,192 increase from last year's revenues, mainly due to an increase of \$701,567 in reimbursement revenues.
- The Sheriff's Department had total expenditures of \$7,052,036. This is a \$1,048,515 increase from last year, mainly due to an increase in administrative and prison/prisoner expense in the amount \$989,239.

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## MD&A

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### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Sheriff's Department's basic financial statements. The Sheriff's Department's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Sheriff is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, January 1, 2004, the Sheriff adopted Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*.

### FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Sheriff's Department, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### USING THIS ANNUAL REPORT

The Sheriff's Department's annual report consists of financial statements that show information about the Sheriff's Department's funds, the governmental fund.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

### Reporting the Sheriff's Department's Most Significant Funds

The Sheriff's Department's financial statements provide detailed information about the most significant funds. The Sheriff's Department may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money.

## MD&A

### Comparative Statement of Net Position as of June 30, 2014 - Governmental Funds

<b>Assets</b>	<b>2013</b>	<b>2014</b>	<b>% Change</b>
Cash & Investments	\$ 439,643	\$ 807,414	83.7
Receivables	55,747	128,362	130.3
Capital Assets, Net of Accumulated Depreciation	239,722	292,414	21.9
<b>Total Assets</b>	<b>735,112</b>	<b>1,228,190</b>	<b>67.1</b>
<b>Liabilities &amp; Net Position</b>			
Accounts, Salaries, & Other Payables	118,160	71,753	-39.3
OPEB Liability	1,398,862	1,837,641	31.4
<b>Total Liabilities</b>	<b>1,517,022</b>	<b>1,909,394</b>	<b>25.9</b>
<b>Net Position</b>			
Net Investment in Capital Assets	239,722	292,414	21.9
Unrestricted	(1,021,632)	(973,618)	-4.7
<b>Total Net Position</b>	<b>\$ (781,910)</b>	<b>\$ (681,204)</b>	<b>-12.9</b>

### Comparative Changes in Fund Balances for the Year Ended June 30, 2014 - Governmental Funds

<b>Revenues</b>	<b>2013</b>	<b>2014</b>	<b>% Change</b>
Fees, Fines, & Charges	\$ 152,134	\$ 203,791	34.0
Taxes	1,384,147	1,989,794	43.4
Intergovernmental	425,653	500,536	17.6
Reimbursement	3,655,036	4,356,603	19.2
Loan Proceeds	450,000	380,672	-15.4
Grants	17,486	3,483	-80.1
Miscellaneous	37,138	15,907	-57.2
<b>Total Revenues</b>	<b>6,121,594</b>	<b>7,450,786</b>	<b>21.7</b>
<b>Expenditures</b>			
Administration & Prisoner Expense	5,447,559	6,436,798	18.2
Debt Service	466,044	389,443	-16.4
Repairs & Maintenance	40,007	44,498	11.2
Capital Outlay	30,701	145,702	374.6
Other Expenditures	19,210	35,595	85.3
<b>Total Expenditures</b>	<b>6,003,521</b>	<b>7,052,036</b>	<b>17.5</b>
<b>Increase (Decrease) in Fund Balances</b>	<b>118,073</b>	<b>398,750</b>	<b>237.7</b>
Prior Period Adjustment	9,772	88,042	801.0
<b>Beginning Fund Balances</b>	<b>249,385</b>	<b>377,230</b>	<b>51.3</b>
<b>Ending Fund Balances</b>	<b>\$ 377,230</b>	<b>\$ 864,023</b>	<b>129.0</b>



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## MD&A

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### CAPITAL ASSETS

#### *Capital Assets – Governmental Fund*

At June 30, 2014, the Sheriff's Department had \$292,414 invested in capital assets, including vehicles, furniture, and equipment.

#### Capital Assets At Year-End

	2013	2014
Equipment	\$ 1,169,076	\$ 1,314,778
Accumulated Depreciation	(929,354)	(1,022,364)
<b>Total Net Position</b>	<b>\$ 239,722</b>	<b>\$ 292,414</b>

### CONTACTING THE SHERIFF'S DEPARTMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Sheriff's Department's finances and to show that the Sheriff's Department's accountability for the money it receives. If you have questions about this report or need additional information, contact George Tosson, Chief Civil Deputy at the Sheriff's Department, phone number (318) 744-5411.

## **Basic Financial Statements**

**CATAHOULA PARISH SHERIFF**  
**HARRISONBURG, LOUISIANA**  
**Statement of Net Position**  
**June 30, 2014**

	<b>GOVERNMENTAL ACTIVITIES</b>
<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash	\$ 551,894
Investments	255,520
Receivables	128,362
<b>TOTAL CURRENT ASSETS</b>	<u>935,776</u>
<b>NON-CURRENT ASSETS</b>	
Capital Assets (Net of Accumulated Depreciation)	292,414
<b>TOTAL NON-CURRENT ASSETS</b>	<u>292,414</u>
<b>TOTAL ASSETS</b>	<u>1,228,190</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts, Salaries, & Other Payables	71,753
<b>TOTAL CURRENT LIABILITIES</b>	<u>71,753</u>
<b>NON-CURRENT LIABILITIES</b>	
OPEB Liability	1,837,641
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>1,837,641</u>
<b>TOTAL LIABILITIES</b>	<u>1,909,394</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	292,414
Unrestricted	(973,618)
<b>TOTAL NET POSITION</b>	<u>\$ (681,204)</u>

The accompanying notes are an integral part of this statement.

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA  
Statement of Activities  
For the Year Ended June 30, 2014**

	PROGRAM REVENUES				NET (EXPENSE) REVENUES & CHANGES IN NET ASSETS
	EXPENSES	FEES, FINES, & CHARGES FOR SERVICES	OPERATING GRANTS	CAPITAL GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
<b>GOVERNMENTAL ACTIVITIES</b>					
Public Safety	\$ (7,048,609)	\$ 203,721	\$ 3,483	\$ -0-	\$ (6,841,405)
Interest on Short-Term Debt	(8,771)	-0-	-0-	-0-	(8,771)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ (7,057,380)</b>	<b>\$ 203,721</b>	<b>\$ 3,483</b>	<b>\$ -0-</b>	<b>\$ (6,850,176)</b>
<b>GENERAL REVENUES</b>					
Taxes					1,989,794
Intergovernmental					500,536
Reimbursement					4,356,603
Miscellaneous					15,907
<b>TOTAL GENERAL REVENUES</b>					<b>6,862,840</b>
<b>CHANGE IN NET POSITION</b>					<b>12,664</b>
Prior Period Adjustment					88,042
<b>NET POSITION - BEGINNING</b>					<b>(781,910)</b>
<b>NET POSITION - ENDING</b>					<b>\$ (681,204)</b>

The accompanying notes are an integral part of this statement.

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA  
Balance Sheet, Governmental Funds  
June 30, 2014**

	<b>GOVERNMENTAL ACTIVITIES</b>
<b>ASSETS</b>	
Cash	\$ 551,894
Investments	255,520
Receivables	128,362
<b>TOTAL ASSETS</b>	<u>935,776</u>
<b>LIABILITIES</b>	
Accounts, Salaries, and Other Payables	71,753
<b>TOTAL LIABILITIES</b>	<u>71,753</u>
<b>FUND BALANCE</b>	
Unassigned	864,023
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<u>\$ 935,776</u>

The accompanying notes are an integral part of this statement.

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA  
Reconciliation of the Government Funds Balance Sheet  
to the Government-Wide Financial Statement of Net Position  
June 30, 2014**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Fund Balance, Total Governmental Funds (Statement C)		\$ 864,023
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds.		
Capital Assets	1,314,778	
Less Depreciation	<u>(1,022,364)</u>	
		292,414
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.		
OPEB Liability	<u>(1,837,641)</u>	
		<u>(1,837,641)</u>
Net Position of Governmental Activities (Statement A)		\$ <u>(681,204)</u>

The accompanying notes are an integral part of this statement.

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA  
Statement of Revenues, Expenditures &  
Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2014**

	<b>GOVERNMENTAL ACTIVITIES</b>
<b>REVENUES</b>	
Fees & Charges	\$ 155,773
Taxes	1,989,794
Fines	48,018
Intergovernmental	500,536
Reimbursement	4,356,603
Loan Proceeds	380,672
Grants	3,483
Miscellaneous	15,907
<b>TOTAL REVENUES</b>	<u>7,450,786</u>
<b>EXPENDITURES</b>	
Administration	1,995,772
Prison/Prisoner Expense	4,441,026
Repairs & Maintenance	44,498
Debt Service	389,443
Capital Outlay	145,702
Other Expenditures	35,595
<b>TOTAL EXPENDITURES</b>	<u>7,052,036</u>
<b>NET CHANGE IN FUND BALANCE</b>	398,750
<b>PRIOR PERIOD ADJUSTMENT</b>	88,042
<b>FUND BALANCES--BEGINNING</b>	<u>377,230</u>
<b>FUND BALANCES--ENDING</b>	<u>\$ 864,023</u>

The accompanying notes are an integral part of this statement.

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA  
Reconciliation of the Statement of Revenues, Expenditures,  
& Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Year Ended June 30, 2014**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ 398,750

Governmental Funds report capital outlays as expenditure. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Deletion of Assets	-0-
Capital Outlays	145,702
Depreciation Expense	<u>(93,010)</u>

52,692

The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to Governmental Funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of issuance costs: premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Loan Proceeds	380,672
Principle Paid	(380,672)
Change in OPEB Liability	<u>(438,778)</u>

(438,778)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds.

-0-

Changes in Net Position of Governmental Activities, statement B

\$ 12,664

The accompanying notes are an integral part of this statement.



**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA  
Statement of Fiduciary Net Position  
June 30, 2014**

	<b>CIVIL FUND</b>	<b>TAX COLLECTION FUND</b>	<b>BOND FUND</b>	<b>TOTAL</b>
<b>ASSETS</b>				
Cash & Cash Equivalents	\$ 88,407	\$ 22,771	\$ 166,575	\$ 277,753
Investments	-0-	-0-	-0-	-0-
Accounts Receivable	8,464	-0-	-0-	8,464
<b>TOTAL ASSETS</b>	<u>96,871</u>	<u>22,771</u>	<u>166,575</u>	<u>286,217</u>
<b>LIABILITIES</b>				
Held for Others Pending Court Action	96,871	-0-	166,575	263,446
Held for Taxing Bodies	-0-	22,771	-0-	22,771
<b>TOTAL LIABILITIES</b>	<u>96,871</u>	<u>22,771</u>	<u>166,575</u>	<u>286,217</u>
<b>NET POSITION</b>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

The accompanying notes are an integral part of this statement.

**Notes To The Basic  
Financial Statements**

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**INTRODUCTION**

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Sheriff serves a four-year term as the chief executive officer of the law enforcement district and ex-officio tax collector of the parish. The Sheriff administers the parish jail system and exercises duties required by the parish court system, such as providing bailiffs, executing orders of the court, and serving subpoenas.

As the chief law enforcement officer of the parish, the Sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the parish. The Sheriff provides protection to the residents of the parish through on-site patrols and investigations and serves the residents of the parish through the establishment of neighborhood watch programs, anti-drug abuse programs, et cetera. In addition, when requested, the Sheriff provides assistance to other law enforcement agencies within the parish.

As the ex-officio tax collector of the parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, parish occupational licenses, state revenue sharing funds, sporting licenses, and fines, costs, and bond forfeitures imposed by the district court.

The Sheriff also has a cooperative endeavor agreement with the State of Louisiana to operate a prison.

**1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The Sheriff is an independently elected official; however, the sheriff is fiscally dependent on the Catahoula Parish Police Jury. The police jury maintains and operates the parish courthouse in which the sheriff's office is located and provides funds for equipment and furniture of the sheriff's office. Because the sheriff is fiscally dependent on the police jury, the Sheriff was determined to be a component unit of the Catahoula Parish Police Jury, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the Sheriff and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**B. BASIS OF PRESENTATION**

The accompanying basic financial statements of the Catahoula Parish Sheriff have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, issued in June 1999.

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Impact of Recently Issued Accounting Principles**

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASBS No. 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This Statement is effective for periods beginning after December 15, 2011, and has been implemented in fiscal year 2012. The adoption of GASBS No. 62 does not have any impact on the Authority's financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASBS No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The Statement of Net Assets is renamed the Statement of Net Position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. This Statement is effective for periods beginning after December 15, 2011, and has been implemented in fiscal year 2012. The adoption of GASBS No. 63 does not have any impact on the Authority's financial statements.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**Government-Wide Financial Statements (GWFS)**

The Statement of Net Position and the Statement of Activities display information about the Sheriff as a whole. They include all funds of the reporting entity, which are considered to be governmental activities. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of the functions of the Sheriff's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Sheriff, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Fund Financial Statements (FFS)**

The Sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Sheriff functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Sheriff are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Sheriff or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

The Sheriff reports the following major governmental fund:

The *General Fund* is the primary operating fund of the Sheriff. It accounts for all financial resources except those that are required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Sheriff policy.

Additionally, the Sheriff reports the following fund types:

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The only funds accounted for in this category by the Sheriff are agency funds. The agency funds account for assets held by the Sheriff as an agent for various taxing bodies (tax collections) and for deposits held pending court action. These funds are custodial in nature (asset equal liabilities) and do not involve measurement of results of operation. Consequently, the agency funds have no measurement focus, and use the accrual basis of accounting, which is in accordance with accounting principles generally accepted in the United States.

**C. BASIS OF ACCOUNTING**

**Fund Financial Statements (FFS)**

The amounts reflected in the General Fund and Other Funds, of Statements A and B, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances Reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of sheriff operations.

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

The amounts reflected in the General Fund and Other Funds, of Statements A and B, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The sheriff considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Ad valorem taxes and commissions earned from the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on September 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year.

Intergovernmental revenues are recorded when the Sheriff is entitled to the funds.

Interest income on time deposits is recorded when the time deposits have matured and the income is available. Available means collectible within the current period or soon enough thereafter to pay current liabilities.

Substantially all other revenues are recorded when received.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when their related fund liability is incurred.

**Other Financing Sources (Uses)**

Proceeds from the sale of fixed assets are recognized when received. Fixed assets acquired through capital leases are recorded as expenditures and other financing sources at the time of acquisition.

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses).

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Government-Wide Financial Statements (GWFS)**

The column labeled Statement of Net Position (Statement A) and the column labeled Statement of Activities (Statement B) display information about the sheriff as a whole. These statements include all the financial activities of the sheriff. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Program Revenues**

Program revenues included in the column labeled Statement of Activities (Statement B) are derived directly from sheriff users as a fee for services; program revenues reduce the cost of the function to be financed from the sheriff's general revenues.

**Reconciliation**

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and Statement of Net Position (Statement A) are as follows:

Capital Assets, Net	\$	292,414
Capital Outlay	\$	145,702
Depreciation	\$	93,010
OPEB Liability	\$	1,837,641
Change in OPEB Liability	\$	438,778

**D. CASH & CASH EQUIVALENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the sheriff may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

**E. INVESTMENTS**

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the sheriff's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**F. CAPITAL ASSETS**

Capital assets are capitalized at historical cost.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture and fixtures	7-10 Years
Vehicles	7-10 Years

**G. FUND EQUITY**

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Any designations of fund balance represent tentative management plans that are subject to change.

**H. EXTRAORDINARY & SPECIAL ITEMS**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the sheriff, which are either unusual in nature or infrequent in occurrence.

**I. INTERFUND TRANSACTIONS**

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

**J. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**(2) AD VALOREM TAXES**

The Sheriff levies taxes on real and business personal property located within its boundaries. The Sheriff utilizes the services of the Catahoula Parish Tax Assessor to assess the property values and prepare the Sheriff's property tax roll. The Sheriff bills and collects its own property taxes.

<b>Property Tax Calendar</b>	
Assessment Date	January 1
Levy Date	No Later Than June 1
Tax Bills Mailed	On Or About October 15
Total Taxes Are Due	December 31
Penalties And Interest Are Added	January 1
Lien Date	January 1

The following is a summary of authorized and levied ad valorem taxes:

	<b><u>Authorized Millage</u></b>	<b><u>Levied Millage</u></b>	<b><u>Expiration Date</u></b>
Law Enforcement	27.96	27.96	N/A

**(3) CASH & INVESTMENTS – (CERTIFICATES OF DEPOSIT IN EXCESS OF 90 DAYS)**

***Deposits***

It is the Sheriff's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Sheriff's deposits are categorized to give an indication of the level of risk assumed by the Sheriff at year end. The categories are describes as follows:

- **Category 1** – Insured or collateralized with securities held by the Sheriff or by its agent in the Sheriff's name.
- **Category 2** – Collateralized with securities held by the pledging financial institution's trust department or agent in the Sheriff's name.
- **Category 3** – Uncollateralized.

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

	<u>Concordia</u>	<u>Catahoula LaSalle</u>	<u>Total</u>
<b>Bank Balances</b>	\$ 368,521	\$ 717,810	\$ 1,086,331
<b>Secured As Follows</b>			
FDIC (Category 1)	250,000	500,000	750,000
Securities (Category 2)	167,584	1,499,196	1,666,780
<b>Total</b>	\$ 417,584	\$ 1,999,196	\$ 2,416,780

All deposits were fully secured as of June 30, 2014.

**(4) RECEIVABLES**

The receivables of \$128,362 at June 30, 2014, are as follows:

<u>Class of Receivables</u>	
Accounts & Taxes Receivable	\$ 105,910
Intergovernmental	22,452
<b>Total</b>	\$ 128,362

Allowance for doubtful accounts is considered not material and is not presented.

**(5) CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2014, is as follows:

<u>Governmental Activities</u>	<u>Balance 07/01/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/14</u>
General Fund Capital Assets	\$ 1,042,129	\$ 145,702	\$ -0-	\$ 1,187,831
Correctional Center Capital Assets	126,947	-0-	-0-	126,947
<b>Total Fixed Assets</b>	<u>1,169,076</u>	<u>145,702</u>	<u>-0-</u>	<u>1,314,778</u>
General Fund	(811,610)	(88,877)	-0-	(900,487)
Correctional Center	(117,744)	(4,133)	-0-	(121,877)
<b>Total Accumulated Depreciation</b>	<u>(929,354)</u>	<u>(93,010)</u>	<u>-0-</u>	<u>(1,022,364)</u>
<b>Capital Assets, Net</b>	\$ <u>239,722</u>	\$ <u>52,692</u>	\$ <u>-0-</u>	\$ <u>292,414</u>

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**(6) PENSION PLAN**

*Plan Description.* Substantially all employees of the Catahoula Parish Sheriff are members of the Louisiana Sheriff's Pension and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All Sheriffs and all deputies who are found to be physically fit, who can earn at least \$400 per month, and who were between the ages of 18 and 50 at the time of original employment are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final-average salary for each year of credited service. The percentage factor to be used for each year of service is 2.5 per cent for each year if total service is at least 12 but less than 15 years, 2.75 per cent for each year if total service is at least 15 but less than 20 years, and 3 per cent for each year if total service is at least 20 years (Act 1117 of 1995 increased the accrual rate by 0.25 percent for all services rendered on or after January 1, 1980). In any case, the retirement benefit cannot exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination as indicated previously. Employees who terminated with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Sheriffs Pension and Relief Fund, Post Office Box 3163, Monroe, Louisiana 71220, or by calling (318) 362-3191.

*Funding Policy.* Plan members are required by state statute to contribute 10% of their annual covered salary and the Catahoula Parish Sheriff is required to contribute at an actuarially determined rate. The current rate is 13.25% of annual covered payroll. Contributions to the System also include one-half of one percent of the taxes shown to be collectible by the tax rolls of each parish and funds are required and available from insurance premium taxes. The contribution requirements of plan members and the Catahoula Parish Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Catahoula Parish Sheriff's contributions to the System for the year ending June 30, 2014 was \$152,443, equal to the required contributions for the year.

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**(7) NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATION (ASSET)**

**Post-Employment Benefits**

**Plan Description** – The Catahoula Parish Sheriff's Office's medical and life insurance benefits are provided to employees upon actual retirement.

The employer pays 100% of the medical coverage for the retiree (not dependents). Employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age or, age 55 and 15 years of service.

Life insurance coverage is continued to retirees by election and the blended rate for active employees and retirees is \$0.348 per \$1,000 of insurance. The employer pays for the first \$10,000 of life insurance after retirement for the retiree and the retirees pay for the volume in excess of \$10,000. However, both the employer and retiree rates are based on the blended active/retired rate and there is thus an implied subsidy. Since GASB 45 requires the use of "unblended" rates, we have used the 94GAR mortality table described below to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. Insurance coverage amounts are reduced to 75% of the original amount at age 65 and to 50% of the original amount at age 70. All of the assumptions used for the valuation of the medical benefits have been used except for the trend assumption; zero trend was used for life insurance.

Dental insurance coverage is provided to retirees. The employer pays 100% of the cost of the dental insurance for the retirees but not for dependents. We have used the unblended rates provided. All of the assumptions used for the valuation of the medical benefits have been used for dental insurance except for the trend assumption; zero trends were used for dental insurance.

**Contribution Rates** – Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Fund Policy** – Until 2009, the Catahoula Parish Sheriff recognized the cost of providing post-employment medical and life insurance benefits (the Catahoula Parish Sheriff's portion of the retiree medical and life insurance benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2013 and 2012, the Catahoula Parish Sheriff's portion of health care and life insurance funding cost for retired employees totaled \$92,120 and \$61,474, respectively.

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

Effective July 1, 2009, the Catahoula Parish Sheriff implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

**Annual Required Contribution** – The Catahoula Parish Sheriff's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	<u>2013</u>	<u>2014</u>
Normal cost	\$ 297,642	\$ 309,548
30-year UAL amortization amount	243,906	253,662
Annual required contribution (ARC)	<u>\$ 541,548</u>	<u>\$ 563,210</u>

**Net Post-employment Benefit Obligation (Asset)** – The table below shows the Catahoula Parish Sheriff's Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending June 30:

	<u>2013</u>	<u>2014</u>
Beginning Net OPEB Obligation	\$ 966,670	\$ 1,398,862
Annual required contribution	541,548	563,210
Interest on Net OPEB Obligation	38,667	55,954
ARC Adjustment	<u>(55,903)</u>	<u>(80,896)</u>
OPEB Cost	524,312	538,268
Contribution	-	-
Current year retiree premium	<u>(92,120)</u>	<u>(99,490)</u>
Change in Net OPEB Obligation	432,192	438,778
Ending Net OPEB Obligation	<u>\$ 1,398,862</u>	<u>\$ 1,837,641</u>

The following table shows the Catahoula Parish Sheriff's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability for last year and this year:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability (Asset)</u>
June 30, 2014	\$ 538,268	18.48%	\$ 1,837,641
June 30, 2013	\$ 524,312	17.57%	\$ 1,398,862

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Funded Status and Funding Progress** – In 2013 and 2012, the Catahoula Parish Sheriff made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2009 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2014 was \$4,386,383 which is defined as that portion, as determined by a particular actuarial cost method (the Catahoula Parish Sheriff uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarial Accrued Liability (AAL)	\$ 4,561,838	\$ 4,386,383	\$ 2,931,603
Actuarial Value of Plan Assets (AVP)	-	-	-
Unfunded Act. Accrued Liability (UAAL)	\$ <u>4,561,838</u>	\$ <u>4,386,383</u>	\$ <u>2,931,603</u>
Funded Ratio (AVP/AAL)	0.00%	0.00%	0.00%
Covered Payroll (active plan members)	\$ 3,577,656	\$ 3,332,726	\$ 3,294,328
UAAL as a percentage of covered payroll	127.51%	131.62%	88.99%

**Actuarial Methods and Assumptions** – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Catahoula Parish Sheriff and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Catahoula Parish Sheriff and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Catahoula Parish Sheriff and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**Actuarial Cost Method** – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Actuarial Value of Plan Assets** – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

**Turnover Rate** – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 7%. In addition, we have assumed an additional 60% turnover for "Corrections" employees with less than two years of service.

**Post Employment Benefit Plan Eligibility Requirements** – Historically, employees have entered D.R.O.P. after age 55 and 20 years of service, or age 65 and 15 years of service. We have therefore assumed that employees retire three years after that historical retirement age as just described. The three years is to accommodate the D.R.O.P. period. Medical benefits are provided to employees upon actual retirement. Entitlement to benefits continued through Medicare to death.

**Investment Return Assumption (Discount Rate)** – GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

**Health Care Cost Trend Rate** – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

**Mortality Rate** - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**Method of Determining Value of Benefits** – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the cost of the medical, dental and life insurance for the retirees and dependents. Since blended rates (active and retired) were provided, unblended rates applicable both before and after Medicare eligibility were estimated and were used pursuant to GASB 45's mandate. It was estimated that the pre-Medicare retiree rates were 130% of the blended rate and post-Medicare rates were 80% of the blended rate.

**Inflation Rate** - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

**Projected Salary Increases** - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

**Post-retirement Benefit Increases** - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

**Below is a summary of OPEB cost and contributions for the last four fiscal calendar years.**

	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>
OPEB Cost	\$ 380,518	\$ 390,193	\$ 524,312	\$ 538,268
Contribution	-	-	-	-
Retiree premium	56,920	61,474	92,120	99,490
Total contribution and premium	56,920	61,474	92,120	99,490
Change in net OPEB obligation	\$ <u>323,598</u>	\$ <u>328,719</u>	\$ <u>432,192</u>	\$ <u>438,778</u>
% of contribution to cost	0.00%	0.00%	0.00%	0.00%
% of contribution plus premium to cost	14.96%	15.75%	17.57%	18.48%



**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**(8) ACCOUNTS, SALARIES, AND OTHER PAYABLES**

The payables of \$71,753 at June 30, 2014 are as follows:

Prison Expense	\$	5,213
Salaries		45,649
Retirement/Health Ins.		5,695
Accounts		15,196
<b>Total</b>	<b>\$</b>	<b><u>71,753</u></b>

**(9) SHORT-TERM DEBT**

GASB Statement No. 38 requires details about short-term debt activity during the year, even if no short-term debt is outstanding at year-end. Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans.

- a. A schedule of changes in short-term debt, disclosing beginning and end-of-year balances, increases, and decreases is as follows:

<b>Beginning Debt</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Debt</b>
\$ <u>-0-</u>	\$ <u>380,672.37</u>	\$ <u>(380,672.37)</u>	\$ <u>-0-</u>

- b. The purpose for which the short-term debt being issued was for operating purposes.

**(10) CHANGES IN AGENCY FUND BALANCES**

A summary of changes in agency fund balances due to taxing bodies and others follows:

	<b>Balance 7-1-13</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance 6-30-14</b>
Civil Fund	\$ 57,673	\$ 229,935	\$ (190,737)	\$ 96,871
Tax Collector Fund	55,571	3,561,937	(3,594,737)	22,771
Bond Fund	142,804	295,794	(272,023)	166,575
<b>Total</b>	<b>\$ 256,048</b>	<b>\$ 4,087,666</b>	<b>\$ (4,057,497)</b>	<b>\$ 286,217</b>

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**(11) TAX COLLECTOR ENDING CASH BALANCE**

At June 30, 2014, the tax collector has cash and equivalents (book balances) totaling \$22,771 as follows:

Ad valorem taxes	\$	22,771
Protest taxes		-0-
<b>Total</b>	<b>\$</b>	<b><u>22,771</u></b>

**(12) AD VALOREM TAXES COLLECTED**

The tax collector has collected and disbursed the following taxes for the year ended June 30, 2014, by taxing the body as follows:

	<b>Collections This Period</b>
Sheriff	\$ 982,832
School Board	974,559
Police Jury	758,684
Assessor	274,531
Tensas Basin District	91,746
Larto Recreational District	29,525
Enterprise Recreational District	33,399
Fire District #1	13,580
Fire District #2	25,549
Fire District #4	76,835
Fire District #5	36,386
Forestry Commission	11,537
Maitland Recreational District	8,041
Hospital District # 2	5,515
Louisiana Tax Commission	652
<b>Total</b>	<b>\$ <u>3,323,371</u></b>

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
(CONTINUED)**

**(13) TAX UNCOLLECTED AND UNSETTLED**

At June 30, 2014, the tax collector had the following uncollected and/or unsettled taxes:

The balance is broken down as follows:

Protested	\$	-0-
No Owner Found		-0-
Pending Before Tax Commission		-0-
<b>Total</b>	<b>\$</b>	<b><u>-0-</u></b>

**(14) SALES TAX**

Voters passed a 1% sales and use tax to levy in perpetuity with the proceeds to be used to pay costs and expenses of operating and supporting the Catahoula Parish Sheriff's Office.

**(15) PRIOR PERIOD ADJUSTMENT**

A Prior Period adjustment in the amount of \$88,042 was made to record prior year sales tax receivable from new sales tax.

**(16) DEFICIT IN NET POSITION**

At June 30, 2014, the OPEB liability caused the total liabilities to exceed total assets by \$681,204 causing a deficit in net position.

**(17) EXPENDITURES IN EXCESS OF APPROPRIATIONS**

The department overspent its Operating Budget by \$4,470,767 because Prison DOC payments were not budgeted.

**Required Supplemental Information**

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA  
Governmental Funds  
Schedule of Revenues, Expenditures, & Changes in Fund Balance  
Budget & Actual  
For the Year Ended June 30, 2014**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL AMOUNTS BUDGETARY BASIS</b>	<b>VARIANCES FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Fees & Charges	\$ 125,669	\$ 125,669	\$ 155,703	\$ 30,034
Taxes	1,916,680	1,916,680	1,989,794	73,114
Fines	56,335	56,335	48,018	(8,317)
Intergovernmental	290,503	290,503	500,536	210,033
Reimbursement	-0-	-0-	4,356,603	4,356,603
Loan Proceeds	350,000	350,000	380,672	3,483
Grants	-0-	-0-	3,483	30,672
Insurance Proceeds	-0-	-0-	-0-	-0-
Miscellaneous	207,235	207,235	15,907	(191,328)
<b>TOTAL REVENUES</b>	<u>2,946,422</u>	<u>2,946,422</u>	<u>7,450,716</u>	<u>4,504,294</u>
<b>EXPENDITURES</b>				
Administration	1,699,871	1,699,871	1,995,772	(295,901)
Prison/Prisoner Expense	10,350	10,350	4,441,026	(4,430,676)
Repairs & Maintenance	-0-	-0-	44,498	(44,498)
Debt Service	350,000	350,000	389,443	(39,443)
Capital Outlay	-0-	-0-	145,702	(145,702)
Other Expenditures	521,047	521,047	35,594	485,453
<b>TOTAL EXPENDITURES</b>	<u>2,581,268</u>	<u>2,581,268</u>	<u>7,052,035</u>	<u>(4,470,767)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 365,154</u>	<u>\$ 365,154</u>		<u>\$ 33,527</u>
<b>PRIOR PERIOD ADJUSTMENT</b>			88,042	
<b>FUND BALANCE AT BEGINNING OF YEAR</b>			377,230	
<b>FUND BALANCE AT END OF YEAR</b>			<u>\$ 864,023</u>	

The accompanying notes are an integral part of this statement.

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**Note to Budgetary Comparison Schedule  
For the Year Ended June 30, 2014**

A proposed budget, prepared on the modified accrual basis of accounting, is published in the official journal at least ten days prior to the public hearing. A public hearing is held at the Catahoula Parish Sheriff's Office during the month of June for comments from taxpayers. The budget is then legally adopted by the sheriff and amended during the year, as necessary. The budget is established and controlled by the sheriff at the object level of expenditure. Appropriations lapse at year-end and must be re-appropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts and all subsequent amendments.

STATE OF LOUISIANA, PARISH OF CATAHOULA

AFFIDAVIT

James Kelly, Sheriff of Catahoula Parish

BEFORE ME, the undersigned authority, personally came and appeared, James Kelly, the Sheriff of Catahoula Parish, State of Louisiana, who after being duly sworn, deposed and said:

The following information is true and correct:

\$ 22,771 is the amount of cash on hand in the tax collector account on June 30, 2014;

He further deposed and said:

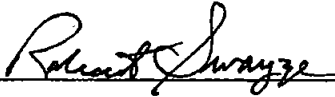
All itemized statements of the amount of taxes collected for tax year 2013, by taxing authority, are true and correct.

All itemized statements of all taxes assessed and uncollected, which indicate the reasons for the failure to collect, by taxing authority, are true and correct.

  
\_\_\_\_\_  
Signature

Sheriff of Catahoula Parish

SWORN to and subscribed before me, Notary, this 13<sup>th</sup> day of October, 2014, in my office in Harrisonburg, Louisiana.

  
\_\_\_\_\_  
(Signature)

Robert Swayze (Print), # 138152

Notary Public

5/14 (Commission)

**Other  
Reports**



John R. Vercher C.P.A.  
jrv@centurytel.net

Jonathan M. Vercher M.S., C.P.A.  
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### **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable James G. Kelly, Sheriff  
Catahoula Parish Sheriff  
Harrisonburg, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and aggregate remaining fund information of the Catahoula Parish Sheriff, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Catahoula Parish Sheriff's basic financial statements, and have issued our report thereon dated September 22, 2014.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Catahoula Parish Sheriff's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Catahoula Parish Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Catahoula Parish Sheriff's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings & Questioned Costs that we consider to be significant deficiencies: (2014-I-1 Posting Revenue Items and Expenditures to the Same Account).

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Catahoula Parish Sheriff's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as:

#### **2014-C-1 Budget Variances**

#### **2014-C-2 Bond Commission Approval for Loans**

The Legislative Auditor's Office issued a separate investigative audit report dated May 7, 2014 to determine the validity of allegations they received and their findings are described in the accompanying Schedule of Findings and Questioned Cost.

### **Catahoula Parish Sheriff's Response to Findings**

The Catahoula Parish Sheriff's response to the findings identified in our audit and the audit by the Legislative Auditor is described in the accompanying Schedule of Findings and Questioned Costs. The Catahoula Parish Sheriff's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and Legislative Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a public document and its distribution is not limited.

*The Vercher Group*

September 22, 2014  
Jena, Louisiana

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST  
FOR THE YEAR ENDED JUNE 30, 2014**

We have audited the basic financial statements of the Catahoula Parish Sheriff as of and for the year ended June 30, 2014 and have issued our report thereon dated September 22, 2014. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2014 resulted in an unmodified report.

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**Section I Summary of Auditor's Results**

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**a. Report on Internal Control and Compliance Material to the Financial Statements**

Internal Control

Material Weaknesses ☐ Yes ☒ No      Other Conditions ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☒ Yes ☐ No

**b. Federal Awards (Not-Applicable)**

Internal Control

Material Weaknesses ☐ Yes ☐ No      Other Conditions ☐ Yes ☐ No

Type of Opinion On Compliance    Unmodified ☐      Qualified ☐  
For Major Programs                      Disclaimer ☐      Adverse ☐

Are the finding required to be reported in accordance with Circular A-133, Section .510(a)?

☐ Yes ☐ No

**c. Identification Of Major Programs:**

**CFDA Number (s)**

**Name Of Federal Program (or Cluster)**

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Dollar threshold used to distinguish between Type A and Type B Programs: \$ \_\_\_\_\_

Is the auditee a 'low-risk' auditee, as defined by OMB Circular A-133? ☐ Yes ☐ No

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST-CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2014**

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**Section II – Financial Statement Findings**

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**2014-C-1 Budget Variances (Compliance)**

**Condition:** The Catahoula Parish Sheriff had an unfavorable revenue variance of \$4,470,767 or 173.2% in its general fund budget for the year ended June 30, 2014 because the department did not budget Department of Corrections (DOC) payments to the Sheriff's office to be paid to the prison that the sheriff's office has a cooperative endeavor agreement.

**Criteria:** The Budget Act requires that budgets be amended when the variance exceeds 5%.

**Cause of Condition:** The Sheriff's Office did not budget DOC payments to the Sheriff's office that are paid to the prison.

**Effect of Condition:** The government fund having an unfavorable expenditure variance and violating the Budget Act.

**Recommendation:** The Sheriff's Office should budget DOC payments to the Sheriff's office that are to be paid to the prison and the budget should be amended when there is an unfavorable variance of more than 5%.

**Client Response and Corrective Action:** The management of the Sheriff's Office will begin budgeting DOC payments and disbursements.

**Contact Person:** Robert Swayze

**Anticipated Completion Date:** June 30, 2015

**2014-C-2 Bond Commission Approval for Loans (Compliance)**

**Condition:** The Sheriff's Office secured short-term loans in the amount of \$380,672 during the year with permission from the State Bond Commission to borrow up to \$350,000. The loans were paid in full as of June 30, 2014.

**Criteria:** A Louisiana Governmental entity may not incur any indebtedness in excess of 90 days without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, and LSA-RS 47:1803-4.

**Cause of Condition:** Borrowing funds in excess of State Bond Commission approval.

**Effect of Condition:** Compliance violation of Article VII, Section 8 of the 1974 Louisiana Constitution, and LSA-RS 47:1803-4.

**Recommendation:** The Office should discontinue securing loans in excess of State Bond Commission approval.

**Client Response and Corrective Action:** The Office will discontinue securing loans in excess of State Bond Commission approval.

**Contact Person:** Robert Swayze

**Anticipated Completion Date:** June 30, 2015

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST-CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2014**

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**Section II – Financial Statement Findings**

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**2014-I-1 Posting Revenue Items and Expenditure Items to the Same Account (Internal Control)**

**Condition:** During testing of revenue and expenditure items, the auditor found that revenue items were posted to expenditure accounts and expenditure items were posted to revenue accounts.

**Criteria:** Revenue transactions should be posted to revenue accounts in the general ledger and expenditure transactions should be posted to expenditure accounts in the general ledger.

**Cause of Condition:** Staff turnover

**Effect of Condition:** Issuing financial statements that are materially incorrect.

**Recommendation:** Revenue transactions should be posted to revenue accounts in the general ledger and expenditure transactions should be posted to expenditure accounts in the general ledger.

**Client Response and Corrective Action:** Revenue transactions will be posted to revenue accounts in the general ledger and expenditure transactions will be posted to expenditure accounts in the general ledger.

**Contact Person:** Robert Swayze

**Anticipated Completion Date:** June 30, 2015

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**Former Chief Financial Officer Paid Himself Excess Wages (Legislative Auditor - Investigative Audit finding dated May 7, 2014)**

**Condition:** From August 2, 2009 to November 16, 2013, George Tosspon, former Chief Financial Officer (CFO) of the Catahoula Parish Sheriff's Office (CPSO), appears to have paid himself excess wages totaling \$22,534. These excess wages were paid through two unauthorized pay rate increases and one extra paycheck. By paying himself excess wages, Mr. Tosspon may have violated state law.

According to Catahoula Parish Sheriff James Kelly and Mr. Tosspon, all employees' salaries and pay increases are authorized by Sheriff Kelly. Mr. Tosspon was the sole individual responsible for processing payroll and implementing and documenting authorized pay changes. According to Mr. Tosspon, he documented these pay changes in the employee notes section of the CPSO's electronic accounting system.

**Unauthorized Pay Increases**

Mr. Tosspon increased his pay rate without authorization in August 2009 and July 2013. These unauthorized pay increases resulted in Mr. Tosspon receiving excess wages totaling \$20,626.

According to CPSO payroll records, Mr. Tosspon increased his salary 13% from \$76,800 to \$86,700 in August 2009 without authorization or documentation to support the increase. Records indicate that on September 30, 2009, Sheriff Kelly awarded Mr. Tosspon a salary increase of \$250 per pay period (8%).

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST-CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2014**

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**Section II – Financial Statement Findings**

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However, Mr. Tosspon's salary increased 13%, causing Mr. Tosspon to receive excess wages totaling \$16,474 from August 2009 to November 16, 2013. Although Sheriff Kelly could not recall the 2009 pay increase, he was confident that he only authorized the 8% increase listed in Mr. Tosspon's employee notes. Mr. Tosspon could not recall the 13% pay increase, but stated that if he received the pay increase, then it had to have been approved.

According to CPSO payroll records, Mr. Tosspon increased his salary approximately 12% from \$103,936 to \$115,936 in July 2013 without authorization. Mr. Tosspon's CPSO employee notes indicate that Sheriff Kelly awarded the increase on August 1, 2013. However, Sheriff Kelly stated that he did not authorize this pay increase. This increase resulted in Mr. Tosspon receiving excess wages totaling \$4,152 from July 14, 2013 to November 16, 2013. Sheriff Kelly further stated that when he questioned Mr. Tosspon about the increase, Mr. Tosspon indicated (to Sheriff Kelly and another CPSO employee) that he awarded himself a pay increase without Sheriff Kelly's knowledge or approval. However, Mr. Tosspon later stated that during a casual conversation in August 2013, the Sheriff awarded him a pay increase without indicating a specific amount for the increase.

Sheriff Kelly stated that he signed paychecks issued to Mr. Tosspon, but did not notice the excess wages. It should be noted that the net amount of Mr. Tosspon's checks regularly fluctuated because of frequent changes in the amount Mr. Tosspon was withholding for deposit to his credit union account.

**Extra Paycheck**

On September 4, 2009, Mr. Tosspon issued himself an extra paycheck in the amount of \$1,908 for work he performed to prepare the CPSO's application to the Federal Emergency Management Agency (FEMA) for reimbursements associated with Hurricane Gustav. Because Mr. Tosspon performed this work during his normal work hours and was paid for this work through his normal wages, this check resulted in Mr. Tosspon paying himself twice for the same hours worked.

Records indicate that the CPSO applied for and received FEMA funds (in August 2009) to reimburse the CPSO for disaster-related costs incurred because of Hurricane Gustav. These funds included amounts to reimburse the CPSO for costs incurred to compile data and complete paperwork for the FEMA application. Mr. Tosspon performed these functions during his normal working hours and, as such, was paid his normal salary (wages and benefits totaling \$1,908) for the work he performed. However, after the FEMA funds were received by the CPSO, Mr. Tosspon improperly issued himself an additional CPSO check in the amount of \$1,908 for the administrative functions he performed for the FEMA application. This payment was improper because these funds were a reimbursement to the CPSO for the costs it had already incurred (through the payment of wages to Mr. Tosspon) for completing the FEMA application. As such, Mr. Tosspon, appears to have been paid twice for the same hours he worked to complete the FEMA application. Mr. Tosspon stated that he understood that administrative employees were due the amounts received by the CPSO from FEMA.

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST-CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2014**

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**Section II – Financial Statement Findings**

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Because Mr. Tosspson was not authorized to increase his own pay and should not have been paid twice for the same hours worked, Mr. Tosspson appears to have received excess wages and may have violated state law.

**Recommendation:** We recommend that CPSO management develop and implement policies and procedures to ensure that amounts paid to employees are appropriately earned and approved. These policies should require that CPSO:

1. Consult legal counsel to seek recovery of excess amounts improperly paid to the former CFO;
2. Adopt policies and procedures that address the awarding of pay increases and require appropriate documentation; and
3. Require that time and attendance records are maintained for all employees and approved by an immediate supervisor.

**Prohibited Contractual Arrangement with Former CFO (Legislative Auditor - Investigative Audit finding dated May 7, 2014)**

**Condition:** CPSO contracted with former CFO George Tosspson immediately following the termination of his employment in possible violation of state's ethics laws. Mr. Tosspson resigned from CPSO, effective December 31, 2013. On January 1, 2014, CPSO entered into a contract with Tosspson Investment Properties, LLC, of which Mr. Tosspson is the sole member. According to the contract, Mr. Tosspson was to be paid at a rate of \$70 per hour to train his replacement, Robert Swayze. As such, the CPSO issued checks to Tosspson Investment Properties totaling \$7,105 from January 17, 2014 to February 19, 2014.

According to CPSO records, Mr. Tosspson began billing for hours before Mr. Swayze began employment with the CPSO. According to CPSO staff, Mr. Tosspson performed his normal (former) job functions during this time. Mr. Swayze's first day of employment with CPSO was January 7, 2014. Once Mr. Swayze began, Mr. Tosspson performed his normal (former) job functions while Mr. Swayze took notes. Louisiana Revised Statute (La. R.S.) 42:1121(B)(1) provides, in part, that no former public employee should, for a period of two years following termination of his public employment, render any service which such former public employee had rendered to the agency during the term of his public employment on a contractual basis. Because Mr. Tosspson was paid by the CPSO to perform services that he provided during his public employment, this arrangement may have violated the law.

It should be noted that Sheriff Kelly terminated the agreement after he was informed that contracting with a former employee may be a violation of state law.

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST-CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2014**

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**Section II – Financial Statement Findings**

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**Recommendation:** We recommend that Sheriff Kelly consult with legal counsel and the Louisiana Board of Ethics on the legality of this contractual arrangement. We further recommend that CPSO management develop and implement policies and procedures to ensure that the CPSO does not enter into prohibited contractual arrangements. These policies should require that all CPSO employees undergo required ethics training.

**Managements Response:** On Feb. 11, 2014 I contacted Gary Bennett with the La. Sheriff's Association, telling him of the situation involving George Tosspon, Chief Financial Officer at the Catahoula Parish Sheriff's Office. It appeared that Tosspon had increased his salary without my approval or knowledge. Feeling that this was a serious breach of ethics, as well as the trust I had in him, I contacted Sheriff Bennett for advice as to how to begin the process of a Legislative Audit.

The following day I was contacted by Mr. Roger Harris with the Legislative Auditor's Office, who said he had been instructed by Mr. Daryl Purpera to contact me and begin the audit process.

My first meeting with the auditors was on Feb. 25, 2014, at which time they began to gather information for the audit. The final meeting with the Auditors was on April 22, where they revealed their findings and recommendations. The recommendations are stated in the enclosed report.

As of this writing each recommendation is agreed upon by me and each one has been acted upon and corrections have been made. I am satisfied that the corrections and other changes made satisfy the Auditors recommendations.

**Recommendation 1-** On March 17, 2014 I met with our District Attorney, Brad Burget, briefing him on the situation. Mr. Burget advised at the time to wait until the audit was complete and forward the final Auditor's Report to him. After he receives the report, he will determine further action. The Auditors report that they will meet personally with the District Attorney to brief him on the findings. I have also consulted with our LA. Sheriff's Association attorney (Usry, Weeks and Matthews) as to how to proceed regarding Mr. Tosspon's unauthorized pay increases.

**Recommendation 2-** This recommendation has already been put into place, with any raise for employees signed and approved by me (Sheriff) and put into employee's personnel file. Thus, any pay increase will be approved by me and documented.

**Recommendation 3-** Although most all personnel have been required to fill out a time sheet for a number of years, due to the recommendation by the Auditors, now the Civil staff, Detectives and Financial Officers fill out a time sheet.

**Recommendation 4- (explanation of why #4 was issued)** On Jan. 1, 2014, after having informed Mr. Tosspon that he could no longer work here on a permanent basis, I entered into an agreement with him that he could be allowed to assist his replacement, being paid on a hourly basis. At this time, I was not sure if any crime had been committed by Tosspon or if any ethics violation had occurred. What I did know was that he had violated the trust I had in him, had violated public trust and had greatly disappointed me and my entire staff. Admitting to me that he had given himself a raise without my knowledge, I knew some action had to be taken immediately.



**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COST-CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2014**

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**Section II – Financial Statement Findings**

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I also knew that it would be very difficult to replace Tosspon (who was in his 17<sup>th</sup> year in that position) immediately, and due to the complexities of his job, I felt it would not be fair to his replacement to thrust him into that position with no idea of what the job required or how to perform his or her duties. I felt, unfortunately, it was necessary to keep Tosspon available for consultation so his former duties would not go undone and the business of operating this Sheriff's Office would be taken care of. I had no hint that this agreement could be a possible Ethics violation. On Feb 25, 2014, I was informed by the Auditors that someone who had been relieved of their duties at the Sheriff's Office, as Tosspon had, could not enter into any sort of working agreement for a two year period. Based upon the Auditor's advice, I sent Tosspon a certified letter dated Feb 28, wherein I stated that our agreement was terminated. Tosspon has not been affiliated with the Catahoula Parish Sheriff's Offices since that time. Any concerned party can be assured there will be no further contractual agreements with Tosspon nor any other current or former employee who has been dismissed.

Regarding ethics training, to my knowledge, each Deputy already goes through ethics training annually.

After meeting with the Legislative Auditors on 4-22-14 and viewing their four recommendations, I am satisfied that each recommendation has been addressed and corrections have been made. Their understanding of the situation and advice on how to make needed corrections is greatly appreciated. I now await legal opinions from our local District Attorney and L.S.A. attorneys as to how to proceed with any criminal or civil filings.

I am truly grateful for your quick response to my request for this Audit. I am especially grateful to the Auditors themselves for their professionalism and taking the time to answer my questions and discuss each concern.

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**Section III Federal Awards Findings and Questioned Costs**

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Not applicable.

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### MANAGEMENT LETTER COMMENTS

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During the course of our audit, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the Sheriff's Office's plan for corrective action.

#### CURRENT YEAR MANAGEMENT LETTER COMMENTS

##### **2014-M-1 Negative Net Position**

**Finding:** The Catahoula Parish Sheriff had a deficit balance in net position of \$(681,204) at June 30, 2014 because of the Other Post Employment Benefit (OPEB) Obligation.

**Recommendation:** The Sheriff's office should begin funding its OPEB Obligation when the office's financial situation allows funding.

**Sheriff's Response:** When the Sheriff's office is financially able, the office will begin funding its OPEB Obligation.

**CATAHOULA PARISH SHERIFF  
HARRISONBURG, LOUISIANA**

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**MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS**

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Legislative Auditor  
State of Louisiana  
Baton Rouge, Louisiana 70804-9397

The management of the Catahoula Parish Sheriff, Harrisonburg, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2013.

**PRIOR YEAR FINDINGS:**

**2013-C-1 Budget Variances (Unresolved)**

**Condition:** The Catahoula Parish Sheriff had an unfavorable revenue variance of \$361,051 or 5.6% in its Governmental Fund Budget for the year ended June 30, 2014.

**Management's Corrective Action:** The management of the Sheriff's Office will begin amending its budget so that there is no unfavorable variance of more than 5%.

**2013-M-1 Negative Net Position (Unresolved)**

**Condition:** The Catahoula Parish Sheriff had a deficit balance in net position of \$(781,910) at June 30, 2014 because of the Other Post Employment Benefit (OPEB) Obligation.

**Management's Corrective Action:** When the Sheriff's Office is financially able, the office will begin funding its OPEB Obligation.